

annual report 2010



Mansfield & District
Community Enterprises Ltd
ABN 92 124 069 914

Mansfield & District **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2010

The eight Board members of Mansfield & District Community Enterprises Ltd are in a voluntary role and are dedicated to serving both shareholders, customers and the community of Mansfield with a level of professionalism required of the position. Our priorities have been fiscal, governance and human resource management, with the desired outcomes being exceeded.

Our inaugural Manager, Barry, has left with our blessing and he and his family have remained in the area. We must acknowledge the terrific work he did in getting the doors open and our business off to a flying start – thank you Barry.

Many of you will have met Vanessa Skinner, our new Manager, who started in December 2009 and she is now part of our 'family', having survived our winter after moving from a **Community Bank**[®] branch in northern Queensland. Vanessa has brought with her not only competent banking skills but also a keen understanding of retail and business banking, taking the **Community Bank**[®] branch to the next level of development.

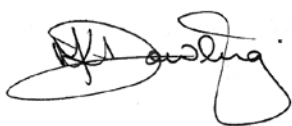
We have also farewelled some of our original Directors – Marg Attley and Rod Kilpatrick, both well known in the district for their commitment to community projects. Joining the Board is Paul Sladdin, CEO of MACE, who has brought with him a renewed focus on community development, huge enthusiasm and a sense of humour.

We have implemented an 'observer' program by inviting Colleen Reynolds and Emma McPherson, who the Bank sponsored into the Alpine Valleys Community Leadership Program. These ladies sit as non-voting members of the Board providing them the opportunities to put back into the community the skills they developed throughout their twelve month program.

Your Board has been working on a new Strategic Plan 2010 – 2014 to replace our original Business Plan, which was developed early in 2007, prior to the branch opening. Consequently, the document required a major overhaul and this plan is being actioned. Our strategic plan enables us to consolidate our business into the future and lays out strong pathways for the Directors to take within the Board.

The benefits we have provided to the community continue to grow, having delivered some \$48,000 into projects in the 2010 financial year. Some are small, some quite large – we are guided by you – the community. This purpose-built banking model is designed specifically to offer unequalled customer service and deliver your profits back into this local district.

This is a partnership driven by you and I congratulate you for your commitment to banking with us, facilitating the delivery of shared successes.



Marian Dowling

Chairman

Manager's report

For year ending 30 June 2010

Your **Community Bank**[®] branch is almost 3 years old and continues to grow.

Results for the 2009/2010 financial year have exceeded budget forecasts by 173% with our total footings now over \$64 million. This consists of deposit growth increasing by 90% and increased lending growth of 486%.

Account numbers have strengthened with an increase of 291 new accounts.

We have a group of very committed and capable branch staff and with their ongoing support we have achieved these results. They provide first class customer service and always strive for the best outcomes for our customers. This customer focused approach will ensure our business continues to grow well into the future.

Thank you Ninel, Glenys, Terri, and Sandra.

To our shareholders and especially our customers, I extend my gratitude and that of my team for your support of our business over the last year. It is your banking support that generates the income to enable us to provide funds to our community.

This year we have given \$48,000 back to our community through sponsorships and grants, with beneficiaries being: The Mansfield Scouts, Ski Club of Victoria, Mansfield Secondary College, Mansfield Pony Club, Mansfield & Bonnie Doon Football Clubs and Mansfield Historical Society.

For continued growth, I urge all our shareholders, customers and our local communities to get behind your local branch and encourage your friends and families to support your **Community Bank**[®] branch.



Vanessa Skinner
Branch Manager

Bendigo and Adelaide Bank Ltd report

For year ending 30 June 2010

Now in its 13th year, the **Community Bank**[®] network continues to grow and make significant contributions to local communities right across Australia.

In the 2009/10 financial year 22 new **Community Bank**[®] branches were opened, taking the total number of branches to 259.

More than 545,000 customers chose to support the network with their banking business made up of more than 788,000 accounts, giving the networks a combined banking book of more than \$16.3 billion.

Our **Community Bank**[®] customers have been served by more than 1150 staff that are supported by almost 1700 volunteer Directors.

And these Directors are endorsed by around 63,000 shareholders who have received more than \$14.7 million in dividends, a reward for their belief in the **Community Bank**[®] concept.

All of this support has enabled the **Community Bank**[®] network to return more than \$40.3 million to assist local community groups and projects since the first **Community Bank**[®] branch opened in 1998.

These figures add up to a strong **Community Bank**[®] network, a franchise of the Bendigo and Adelaide Bank Ltd, which like its community partners, continues to flourish attracting more than 10,000 new customers every month.

This has been made possible through the restructure of the bank's executive team under the leadership of Managing Director, Mike Hirst.

At the start of 2010, the world's great economies continued to feel the aftershocks of the Global Financial Crisis. However, Australia's economy remained relatively stable during the turbulent times. While the impact of the GFC was felt by our community owned and operated branches, it is a testament to our business models and partners that our **Community Bank**[®] network continues to develop.

In fact, not only did our network continue to develop, in the past year we have witnessed one of our most successful launch programs to date. We saw a new branch emerge out of the ashes in Kinglake, less than a year after the region was devastated by Victoria's Black Saturday Bushfires.

The Pyrmont **Community Bank**[®] Branch saw us make an inroad into the competitive but lucrative Sydney banking market. And over the next 12 months Bendigo Bank will continue to grow its ATM and branch network in New South Wales, providing further support in boosting the profile of Bendigo's brand in the state.

This year we have also launched Community Snapshots on the Bendigo Bank website. This online initiative shares and highlights the great contributions and tangible outcomes the **Community Bank**[®] network generates for its local communities.

Bendigo and Adelaide Bank Ltd report continued

There has also been a focus on the continued roll out of our Good for Business, Good for Community program, which is an important element of our overall Community Strengthening for the coming year.

Thank you again for your continued commitment and support of the **Community Bank**[®] network.



Russell Jenkins

Executive Customer and Community

Directors' report

For the financial year ended 30 June 2010

Your Directors submit their report of the Company for the financial year ended 30 June 2010.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Marian Louise Dowling

Chairman
Community Representative

Margaret Colville Attley (resigned 26 February 2010)

Director
Shire Councillor

Haley Kate Tudor-Harrop

Director/Treasurer
Accountant

Graham Robert Corless

Director
Company Director

Noel Francis Willaton

Director
Systems Analyst

Roderick Hugh Kilpartick (resigned 10 November

2009)
Director
Business Consultant

Rowena Christine Ellis

Director/Vice Chairman
HR Consultant

Anthony Ross Williams

Director
Solicitor

Jayaram Kanuparth Naidu

Director/Secretary
Retired Accountant

Paul Andrew Sladdin (appointed 10 November 2009)

Director
Chief Executive Officer

Directors were in office for this entire period unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

There has been no significant changes in the nature of these activities during the year.

Operating results

The loss of the Company for the financial year after provision for income tax was \$26,687 (2009: \$111,813).

Dividends

No dividends were declared or paid during the year.

Directors' report continued

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors' benefits

Henry Partners, of which Haley Tudor-Harrop is a partner, received a fee of \$12,160 (2009: \$15,160) for accounting services provided to the Company during the year ended 30 June 2010.

Other than stated above, no other Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The Company also has Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Directors' report continued

Directors' meetings

The number of Directors' meetings attended during the year were:

Director	Board meetings #
Marian Louise Dowling	10 (11)
Margaret Colville Attley (resigned 26 February 2010)	6 (7)
Graham Robert Corless	10 (11)
Roderick Hugh Kilpartick (resigned 10 November 2009)	3 (4)
Haley Tudor-Harrop	9 (11)
Paul Andrew Sladdin (appointed 10 November 2009)	6 (7)
Noel Francis Willaton	10 (11)
Anthony Ross Williams	10 (11)
Rowena Christine Ellis	8 (11)
Jayaram Kanuparth Naidu	10 (11)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

Company Secretary

Jayaram Kanuparth Naidu was appointed as Company Secretary on 29 May 2009. Jayaram's qualifications and experience include being an accountant for more than 40 years.

Corporate governance

The Company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Marian Dowling, Anthony Williams and Jayaram Naidu;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Directors' report continued

Auditor Independence Declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty Chartered Accountants



Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

Auditor's Independence Declaration

In relation to our audit of the financial report of Mansfield & District Community Enterprises Ltd for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the Auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Warren Sinnott

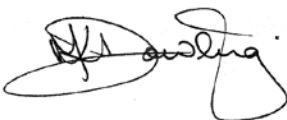
Partner

Richmond Sinnott & Delahunty

Bendigo

27 August 2010.

Signed in accordance with a resolution of the Board of Directors at Mansfield on 27 August 2010.



Marian Louise Dowling

Director

Financial statements

Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue from ordinary activities	2	454,356	290,588
Employee benefits expense	3	(235,228)	(215,669)
Charitable donations and sponsorship		(42,523)	(8,490)
Depreciation and amortisation expense	3	(18,083)	(21,460)
Finance costs	3	(10)	(8)
Other expenses from ordinary activities		(203,629)	(211,107)
Loss before income tax benefit		(45,117)	(166,146)
Income tax benefit	4	(18,430)	(54,333)
Loss after income tax benefit		(26,687)	(111,813)
Other comprehensive income		-	-
Total comprehensive income		(26,687)	(111,813)
Earnings per share (cents per share)			
- basic for loss for the year	20	(3.53)	(14.80)
- diluted for loss for the year	20	(3.53)	(14.80)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash and cash equivalents	6	22,753	60,084
Receivables	7	50,097	41,778
Other assets		-	5,669
Total current assets		72,850	107,531
Non-current assets			
Property, plant and equipment	8	105,957	123,580
Deferred tax assets	4	155,446	137,016
Total non-current assets		261,403	260,596
Total assets		334,253	368,127
Current liabilities			
Payables	9	33,023	40,714
Provisions	10	15,747	15,243
Total current liabilities		48,770	55,957
Total liabilities		48,770	55,957
Net assets		285,483	312,170
Equity			
Share capital	11	729,800	729,800
Accumulated losses	12	(444,317)	(417,630)
Total equity		285,483	312,170

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts in the course of operations		496,826	302,931
Cash payments in the course of operations		(533,889)	(459,984)
Interest paid		(10)	(8)
Interest received		202	5,567
Net cash flows used in operating activities	13b	(36,871)	(151,494)
Cash flows from investing activities			
Payments for property, plant and equipment		(460)	(3,829)
Net cash flows used in investing activities		(460)	(3,829)
Net increase in cash held		(37,331)	(155,323)
Cash and cash equivalents at start of year		60,084	215,407
Cash and cash equivalents at end of year	13a	22,753	60,084

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity For the year ended June 2010

	Note	2010 \$	2009 \$
Share capital			
Balance at start of year		729,800	729,800
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		729,800	729,800
Retained earnings / (accumulated losses)			
Balance at start of year		(417,630)	(305,817)
Loss after income tax benefit		(26,687)	(111,813)
Dividends paid	19	-	-
Balance at end of year		(444,317)	(417,630)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2010

Note 1. Basis of preparation of the financial report

(a) Basis of preparation

Mansfield & District Community Enterprises Ltd ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank®** services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 27 August 2010.

(b) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the

International Accounting Standards Board. Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2009 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Leasehold improvements (straight line basis)	2.5%
Furniture & fittings	10 - 100%
Computer software	40%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Loans and borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

	2010 \$	2009 \$
Note 2. Revenue from ordinary activities		
Operating activities		
- services commissions	453,002	282,890
- other revenue	-	-
Total revenue from operating activities	453,002	282,890
Non-operating activities:		
- interest received	202	7,698
- other revenue	1,152	-
Total revenue from non-operating activities	1,354	7,698
Total revenue from ordinary activities	454,356	290,588

Notes to the financial statements continued

	2010 \$	2009 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	202,358	191,766
- superannuation costs	22,531	16,684
- workers' compensation costs	735	894
- other costs	9,604	6,325
	235,228	215,669
Depreciation of non-current assets:		
- leasehold improvements	1,533	1,533
- furniture & fittings	12,534	15,764
- computer software	4,016	4,163
	18,083	21,460
Finance costs:		
- Interest paid	10	8
Bad debts	268	-
Note 4. Income tax expense		
The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on loss before income tax at 30%	(13,535)	(49,844)
Add tax effect of:		
- Origination and reversal of temporary differences	(4,895)	(4,489)
Current income tax benefit	(18,430)	(54,333)
Income tax benefit	(18,430)	(54,333)
Deferred tax assets		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.		
	155,446	137,016

Notes to the financial statements continued

	2010 \$	2009 \$
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Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,900	3,650
- Share registry services	1,625	2,130
	5,525	5,780

Note 6. Cash and cash equivalents

Cash at bank and on hand	22,753	60,084
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Note 7. Receivables

Trade debtors	50,097	41,778
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Note 8. Property, plant and equipment

Leasehold Improvements

At cost	61,328	61,328
Less accumulated depreciation	(4,373)	(2,840)
	56,955	58,488

Furniture and fittings

At cost	121,548	121,088
Less accumulated depreciation	(72,546)	(60,012)
	49,002	61,076

Computer software

At cost	10,409	10,409
Less accumulated depreciation	(10,409)	(6,393)
	-	4,016

Total written down amount	105,957	123,580
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 8. Property, plant and equipment (continued)		
Movements in carrying amounts		
Leasehold Improvements		
Carrying amount at beginning of year	58,488	60,021
Additions	-	-
Disposals	-	-
Depreciation expense	(1,533)	(1,533)
Carrying amount at end of year	56,955	58,488
Furniture and fittings		
Carrying amount at beginning of year	61,076	73,011
Additions	460	3,829
Disposals	-	-
Depreciation expense	(12,534)	(15,764)
Carrying amount at end of year	49,002	61,076
Computer software		
Carrying amount at beginning of year	4,016	8,179
Additions	-	-
Disposals	-	-
Depreciation expense	(4,016)	(4,163)
Carrying amount at end of year	-	4,016

Note 9. Payables

Trade creditors	21,498	28,332
Other creditors and accruals	11,525	12,382
	33,023	40,714

10. Provisions

Employee benefits	15,747	15,243
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Notes to the financial statements continued

	2010 \$	2009 \$
Note 11. Share capital		
755,660 Ordinary shares fully paid of \$1 each	755,660	755,660
Less: Equity raising costs	(25,860)	(25,860)
	729,800	729,800

All the above shares were issued during the period ended 30 June 2008.

Note 12. Accumulated losses

Balance at the beginning of the financial year	(417,630)	(305,817)
Loss after income tax	(26,687)	(111,813)
Dividends	-	-
Balance at the end of the financial year	(444,317)	(417,630)

Note 13. Statement of cash flows

(a) Cash and cash equivalents

Cash assets	22,753	60,084
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(b) Reconciliation of loss after tax to net cash provided used in operating activities

Loss after income tax	(26,687)	(111,813)
Non cash items		
- Depreciation	18,083	21,460
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	(2,650)	(13,052)
- (Increase) decrease in deferred tax asset	(18,430)	(54,333)
- Increase (decrease) in payables	(7,691)	4,943
- Increase (decrease) in provisions	504	1,301
Net cash flows used in operating activities	(36,871)	(151,494)

Notes to the financial statements continued

Note 14. Director and related party disclosures

The names of Directors who have held office during the financial year are:

Marian Louise Dowling
Margaret Colville Attley (resigned 26 February 2010)
Graham Robert Corless
Roderick Hugh Kilpartick (resigned 10 November 2009)
Haley Tudor-Harrop
Paul Andrew Sladdin (appointed 10 November 2009)
Noel Francis Willaton
Anthony Ross Williams
Rowena Christine Ellis
Jayaram Kanuparth Naidu

Henry Partners, of which Haley Tudor-Harrop is a partner, received a fee of \$12,160 (2009: \$15,160) for accounting services provided to the Company during the year ended 30 June 2010.

Other than stated above, no other Director or related entity has entered into a material contract with the Company. No Directors' fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	2010	2009
Marian Louise Dowling	2,501	2,501
Margaret Colville Attley (resigned 26 February 2010)	501	501
Graham Robert Corless	5,001	5,001
Haley Tudor-Harrop	2,001	2,001
Roderick Hugh Kilpartick (resigned 10 November 2009)	2,001	2,001
Paul Andrew Sladdin (appointed 10 November 2009)	-	-
Noel Francis Willaton	2,501	2,501
Anthony Ross Williams	5,001	10,001
Rowena Christine Ellis	-	-
Jayaram Kanuparth Naidu	2,000	2,000

Anthony Ross Williams sold 5,000 shares during the year. There was no other movements in shares held during the year. Each share held has a paid up value of \$1 and is fully paid.

Note 15. Subsequent events

There have been no events after the end of the financial year that would materially affect the financial statements.

Notes to the financial statements continued

Note 16. Contingent liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

Note 17. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Mansfield, Victoria.

Note 18. Corporate information

Mansfield & District Community Enterprises Ltd is a Company limited by shares incorporated in Australia.

The registered office is: 24A Highett Street, Mansfield VIC 3722

The principal place of business is: 96-98 High Street, Mansfield VIC 3722

Note 19. Dividends paid or provided for on ordinary shares

The Directors recommend that no dividend be paid for the current year.

	2010	2009
	\$	\$

Note 20. Earnings per share

Basic earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing loss after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Loss after income tax expense	(26,687)	(111,813)
Weighted average number of ordinary shares for basic and diluted earnings per share	755,660	755,660

Notes to the financial statements continued

Note 21. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2010	2009
	\$	\$
Cash assets	22,753	60,084
Receivables	50,097	41,778
	72,850	101,862

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of the balance of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2009: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(b) Liquidity risk

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
30 June 2010					
Payables	33,023	(33,023)	(33,023)	-	-
	33,023	(33,023)	(33,023)	-	-
30 June 2009					
Payables	40,714	(40,714)	(40,714)	-	-
	40,714	(40,714)	(40,714)	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2010	2009
	\$	\$
Fixed rate instruments		
Financial assets	-	30,639
Financial liabilities	-	-
	-	30,639
Variable rate instruments		
Financial assets	22,703	29,413
Financial liabilities	-	-
	22,703	29,413

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2009 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at year end.

Notes to the financial statements continued

Note 21. Financial risk management (continued)

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2010 can be seen in the Statement of Comprehensive Income.

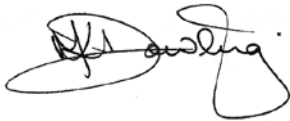
There were no changes in the Company's approach to capital management during the year.

Directors' declaration

In accordance with a resolution of the Directors of Mansfield & District Community Enterprises Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Marian Louise Dowling
Director

Signed at Mansfield on 27 August 2010.

Independent audit report

Richmond Sinnott & Delahunty Chartered Accountants



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MANSFIELD & DISTRICT COMMUNITY ENTERPRISES LTD

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

SCOPE

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Mansfield & District Community Enterprises Ltd, for the year ended 30 June 2010.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independent audit report continued

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Mansfield & District Community Enterprises Ltd is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date;
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants



W. J. SINNOTT
Partner
Bendigo

Date: 27 August 2010

Mansfield & District **Community Bank**[®] Branch
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The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879.
(BMPAR10024) (07/10)